

CONFIDENTIAL

EXHIBIT J

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CONFIDENTIAL BUSINESS
INFORMATION
DO NOT DISCLOSE

STOCK PURCHASE AGREEMENT

AMONG

SKINNER CORPORATION, PURCHASER

AND

NELL AGNES CODY, ESTATE OF MARY LAVILLA KEHRLI,
JOHN E. LARSON, PATRICIA McCANN McAULIFFE, EARL
PARSONS, HOWARD E. RICHMOND, HOWARD E. RICHMOND,
JR., POLLY POE RICHMOND, JR., POLLY POE RICHMOND,
VOLNEY RICHMOND JR., VOLNEY RICHMOND III, TRUMAN
SAGE, UNIT & COMPANY, and PHYLLIS R. YAW, SELLERS

WITH RESPECT TO COMMON STOCK

OF

NORTHERN COMMERCIAL COMPANY

CLOSING: DECEMBER 30, 1976

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STOCK PURCHASE AGREEMENT

THIS IS AN AGREEMENT among SKINNER CORPORATION, a corporation, and NELL AGNES CODY, the Estate of MARY HERLI, JOHN E. LARSON, PATRICIA McCANN McAULIFFE, EARL HOWARD E. RICHMOND, HOWARD E. RICHMOND, JR., POLLY POE RICHMOND, JR., POLLY POE RICHMOND, VOLNEY RICHMOND JR., VOLNEY RICHMOND III, TRUMAN SAGE, UNIT & COMPANY, and PHYLLIS R. YAW, and made with respect to the facts set forth in Article II

W I T N E S S E T H :

For and in consideration of the covenants and promises herein set forth, the parties hereto agree as follows:

ARTICLE I. Definitions

As used in this Agreement (unless otherwise specifically provided), the following terms shall have the respective meanings herein set forth:

1.01 AC. "AC" shall mean Alaska Commercial Company, a Delaware corporation.

1.02 Alpac. "Alpac" shall mean Alpac Corporation, a Nevada corporation.

1.03 Agent. "Agent" shall mean Volney Richmond Jr., who shall have the functions and authority set forth in Section XI hereof.

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1.04 Caterpillar. "Caterpillar" shall mean Caterpillar a California corporation.

1.05 Closing Date. "Closing Date" shall mean the date fixed in Article X hereof upon which the purchase and

contemplated by the parties to this Agreement shall be con-

sumed.

1.06 Common Stock. "Common Stock" shall mean the common stock, par value \$100 per share, of Northern Commercial Company, a Delaware corporation, of which 35,000 shares are authorized, 20,528 shares are issued and outstanding to stockholders and 7,025 shares are held in treasury.

1.07 Control. "Control" shall mean ownership, record or beneficial, of at least 51% of the voting capital stock of any corporation.

1.08 Exhibit. "Exhibit" shall mean any one of the exhibits attached to this Agreement, as determined by the reference thereto, each of which is incorporated herein by such reference.

1.09 Financial Statements. "Financial Statements" shall mean (a) the Balance Sheet of Northern Commercial Company (including the notes thereto) as at December 31, 1975 audited by Price Waterhouse & Co. and (b) the Statement of Earnings of Northern Commercial Company for the twelve month period ended December 31, 1975 audited by Price Waterhouse & Co.

1.10 Holders. "Holders" shall mean owners of record of the Common Stock as of the Closing Date.

1.11 Letter of Intent. "Letter of Intent" shall mean letter dated December 1, 1976 from Skinner Corporation to Ray Richmond Jr. expressing the intent of Skinner Corporation to make an offer to purchase the Common Stock from the Holders on the Closing Date upon specified terms and conditions.

1.12 Material. "Material" or "Materially" shall mean or refer to importance or significance aggregating \$50,000 or more in amount.

1.13 Material Contract. "Material Contract" shall mean any contract, agreement, commitment, indenture, instrument lease, mortgage, loan or note agreement or undertaking of any nature, written or oral, of Northern Commercial Company, whether in the ordinary course of business or not, which involves consequences upon failure of performance or breach to, future payments by, or performance of services or delivery of goods or materials to or by, Northern Commercial Company of an aggregate amount or value in excess of \$50,000.

1.14 NC. "NC" shall mean Northern Commercial Company, a Delaware corporation.

1.15 NC-Fabick. "NC Fabick" shall mean the joint venture between NC and John Fabick Tractor Co., pursuant to a Joint Venture Agreement dated October 28, 1974, as amended.

1.16 NC Ltd. "NC Ltd" shall mean Northern Commercial Company Limited, a corporation organized under the laws of the Yukon Territory, Canada.

NC Machinery. "NC Machinery" shall mean the NC which conducts NC's business as franchise holder of Alpac and allied lines and similar products in Western Alaska and through NC Ltd (until December 10, 1976) in the Territory, all under the tradenames of NC Machinery Co and NC Marine.

1.18 NC Retail. "NC Retail" shall mean the division of NC which conducts all of NC's retail store activities in Alaska and all other business activities of NC not associated with NC Machinery.

1.19 Pledge Agreement. "Pledge Agreement" shall mean the pledge agreement executed at the Closing Date pursuant to which the Common Stock and certain capital stock of Alpac are pledged to secure the obligations of Skinner Corporation undertaken in this Agreement.

1.20 Pledge Holder. "Pledge Holder" shall mean The Bank of California, N.A. which is named in the Pledge Agreement as the pledge holder of the collateral securing the obligations of Skinner Corporation undertaken in this Agreement.

1.21 Pro Forma Balance Sheet. "Pro Forma Balance Sheet" shall mean the pro forma balance sheet of NC Machinery (excluding NC Ltd) as at December 31, 1976, heretofore prepared by NC and furnished to Skinner Corporation in connection with the negotiations for the transactions contemplated hereby.

1.22 Purchaser. "Purchaser" shall mean Skinner Corporation, a Washington corporation.

1.23 Sellers. "Sellers" shall mean Nell Agnes Cody,
Mary LaVilla Kehrli, John E. Larson, Patricia
Lilliffe, Earl Parsons, Howard E. Richmond, Howard E.
Richmond Jr., Polly Poe Richmond, Jr., Polly Poe Richmond,
Volney Richmond Jr., Volney Richmond III, Truman Sage and Phyllis
E. Yaw.

1.24 Skinner Family. "Skinner Family" shall mean D.
E. Skinner, Sally Behnke, Nancy Nordhoff, their spouses, descen-
dants, spouses of descendants, trusts of which any of the fore-
going are trustees or beneficiaries, and corporations in which
any one or more of the foregoing own in the aggregate at least
51% of the voting capital stock.

1.25 Subsidiaries. "Subsidiaries" shall mean NC
Machinery Co., a Washington corporation, NC Marine Co., a
Washington corporation, Northern Commercial Company, Inc., a
Washington corporation, and Washington Commercial Company, a
Washington corporation, all of which corporations are wholly
owned subsidiaries of NC.

1.26 Tender Offer. "Tender Offer" shall mean the
tender offer made on December 11, 1976 by Purchaser to those
Holders owning less than 200 shares of the Common Stock as
specified in the Letter of Intent.

1.27 Tenderors. "Tenderors" shall mean the Holders
who tender their shares of Common Stock to Purchaser in accor-
dance with the terms of the Tender Offer.

1.28 U.S. Division. "U.S. Division" shall mean that Machinery conducting business in Alaska and Western as the authorized franchisee of Caterpillar and allied similar products.

ARTICLE II. Recitals

2.01 Termination of Existing NC-Caterpillar Relationship. NC, for many years Caterpillar's authorized franchise dealer in Alaska, Western Washington and the Yukon Territory, advised Caterpillar in writing on April 12, 1976 of its desire to terminate the franchise, which termination is to be effective December 31, 1976. In view of the termination of the Caterpillar franchise, Sellers desire to dispose of their Common Stock, which is 82% of the Common Stock outstanding.

2.02 Purchaser's Prospective Relationship with Caterpillar. Purchaser desires to enter into a Sales and Service Agreement and Distribution Agreement for Engines with Caterpillar for Alaska and Western Washington, and Caterpillar has agreed to accept Purchaser as its authorized franchisee for such territory if certain conditions are met.

2.03 Letter of Intent. Purchaser has signed the Letter of Intent with Volney Richmond Jr., Chairman of the Board of Directors of NC and one of the principal Holders, pursuant to which Purchaser made the Tender Offer and is entering into this Agreement.

2.04 Amendment to NC Charter. An amendment to NC's Certificate of Incorporation rendering Section 203 of the Delaware

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on Law inapplicable to NC was adopted by written consent of the Holders and filed on December 1, 1976. The Agreement was ratified by the Holders at a special meeting of the Holders on December 10, 1976.

2.05 Disposition of Assets. In order to achieve Purchaser's primary objective to acquire only the assets of NC related to the U.S. Division, NC sold all of the operating assets of NC Ltd to Finning Tractor & Equipment Company Limited on December 10, 1976 and will prior to the Closing Date enter into an agreement to sell all of the capital stock of NC Ltd and the assets of NC Retail to AC, effective as of the close of business on December 31, 1976. The contract between NC and AC will require AC to make an offering of its capital stock to all of the Holders of Common Stock with all deliberate speed unless, prior to the making of such offer, AC shall have sold its assets without substantial gain thereon. In addition, NC has taken steps to terminate NC-Fabick as soon as practicable.

2.06 Tender Offer. Pursuant to the Letter of Intent, Purchaser made the Tender Offer, the terms of which require that Purchaser is obligated to purchase Common Stock only if at least 90% thereof is tendered in accordance therewith and in accordance with this Agreement.

ARTICLE III. Agreement to Buy and Sell

3.01 Sale and Purchase of Sellers' Common Stock.

Sellers hereby agree to sell to Purchaser at the Closing Date and

hereby agrees to purchase from Sellers at the Closing
number of shares of the Common Stock and at the prices
state their respective names below upon the terms and
conditions hereinafter set forth.

<u>Sellers</u>	<u>Number of Shares Of Common Stock</u>	<u>Purchase Price</u>
Nell Agnes Cody	(b) (6)	\$1,842,503.00
Estate of Mary LaVilla Kehrli	(b) (6)	1,106,919.11
John E. Larson	(b) (6)	1,286,917.48
Patricia McCann McAuliffe	(b) (6)	948,180.39
Earl Parsons	(b) (6)	541,412.42
Howard E. Richmond	(b) (6)	4,519,801.59
Howard E. Richmond, Jr.	(b) (6)	1,204,713.50
Polly Poe Richmond, Jr.	(b) (6)	1,142,351.86
Polly Poe Richmond	(b) (6)	899,991.85
Volney Richmond Jr.	(b) (6)	3,727,525.30
Volney Richmond III	(b) (6)	2,286,121.03
Truman Sage	(b) (6)	884,401.44
Unit & Company	(b) (6)	1,648,331.53
Phyllis R. Yaw	(b) (6)	1,897,778.09
Total	(b) (6)	\$23,936,948.59

The purchase price payable to each of the Sellers as
set forth above has been calculated by multiplying the number of
shares of Common Stock sold by each of the Sellers times a purchase

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share of \$1,417.31. The purchase price per share was determined by adjusting the amount of Stockholders Equity (100.00) set forth in the Pro Forma Balance Sheet upward as appropriate to reflect (a) annual inventory and vacation pay adjustments, (b) the net (after Canadian and U.S. taxes) proceeds received by NC from NC Ltd as a dividend resulting from the disposition of the operating assets of NC Ltd, and (c) the net (after tax and any costs of sale, including attorneys' fees) proceeds realized by NC on the disposition of all assets of NC Retail, and then dividing such adjusted amount by the number of shares of the Common Stock issued and outstanding (20,528) on the date of the Tender Offer.

Each of the Sellers agrees to deliver to Purchaser on the Closing Date the Certificate or Certificates representing all shares of the Common Stock sold and purchased hereunder, duly endorsed or accompanied by duly executed assignments separate from certificate, in either case with the requisite signatures thereto guaranteed by an authorized officer of a bank or trust company in the United States or by a member firm of any registered securities exchange, all in such form and accompanied by such instruments as may reasonably be required by counsel for Purchaser.

3.02 Payment of Purchase Price. The total purchase price payable to each of the Sellers shall be paid by a down payment and installment payments. Initially, each of the Sellers

Give the down payment set opposite his name below in

present and available in Seattle on the Closing Date:

<u>Sellers</u>	<u>Down Payment</u>
Nell Agnes Cody	\$ 257,721.75
Estate of Mary LaVilla Kehrli	154,831.30
John E. Larson	180,008.73
Patricia McCann McAuliffe	132,627.58
Earl Parsons	75,730.55
Howard E. Richmond	632,211.28
Howard E. Richmond, Jr.	168,510.37
Polly Poe Richmond, Jr.	159,787.49
Polly Poe Richmond	125,887.16
Volney Richmond Jr.	521,390.92
Volney Richmond III	319,773.22
Truman Sage	123,706.44
Unit & Company	230,561.84
Phyllis R. Yaw	<u>265,453.40</u>
TOTAL	\$3,348,192.03

After the down payment, each of the Sellers shall receive the balance of the total purchase price payable to him in quarterly installments of equal amounts of principal over seven years commencing on March 31, 1977 and continuing thereafter on each June 30, September 30, December 31 and March 31 through December 31, 1983, together with interest on the declining balance at the

charged by the Seattle branch of the Bank of California, plus one percent (1%), such interest rate to be determined on the effective date of any change in the prime rate reflected by the Seattle branch of the Bank of California, N.A.; provided, however, that Purchaser's obligation to make the installment payments required hereunder shall be suspended if and so long as the installment obligations of AC to NC equal or exceed the aggregate obligations of Purchaser to Sellers, but each such obligation shall continue to bear interest. Upon the payment by AC of all of the sums due to NC from AC arising out of the sale of the stock of NC Ltd and the assets of NC Retail to AC, Purchaser shall pay to Sellers pro rata a payment of principal and interest equal in amount to the payment from AC to NC, and thereafter, the total principal remaining due to each of the Sellers shall be reduced accordingly and the amount of each installment of principal shall be adjusted to reflect the reduction in principal remaining due. As examples of the installment payments to be made hereunder, Exhibit A sets forth (a) the payments of principal due to each of the Sellers assuming there is no reduction in principal amount remaining due as referred to in the preceding sentence and (b) the payments of principal due to each of the Sellers assuming a reduction in principal amount remaining in accordance with the preceding sentence.

The payment of the downpayment and such of the installment payments due to each of the Sellers as may be required pursuant to Exhibit U shall be made by Purchaser to Seattle-First National

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shall disburse such payments in accordance with its instructions from Sellers as referred to in Section 3.02 of. All subsequent installment payments shall be made to the Sellers at the addresses shown on NC's stockholder list as of 10/1/1976 or at such other addresses as any of the Sellers may from time to time notify Purchaser in writing. Sellers shall have the option to accelerate any or all installment payments due to each of them pursuant to this Section 3.02 if Control of Purchaser is obtained by persons other than members of the Skinner Family and upon certain other conditions as specified in the Pledge Agreement. Sellers shall have no recourse against Purchaser if Purchaser, for any reason, fails to make the installment payments required by this Section, but Sellers shall have the right to resort to the collateral securing Purchaser's obligations as set forth in Section 3.03. Purchaser shall at any time after December 31, 1978, have the right to prepay all or part (ratably) of the installment payments remaining due to Sellers. Such prepayment shall be preceded by at least sixty (60) days' written notice to Sellers.

3.03 Security for Payment of Purchase Price. To secure the due and punctual payment of all sums due to Sellers in accordance with Section 3.02, Purchaser shall on the Closing Date enter into the Pledge Agreement in the form attached hereto as Exhibit B between itself and The Bank of California, N.A., as Pledge Holder, and Purchaser shall deposit with Pledge Holder all of the issued and outstanding shares of the Common Stock owned by

and at least eighty percent (80%) of the issued and outstanding shares of the common stock of Alpac. So long as any obligation by Purchaser under Section 3.02 hereof shall not have been fully discharged, either by payment thereof in full or by the exercise of Purchaser's right to set-off as hereinafter provided, all of the Common Stock and the shares of Alpac Corporation deposited with Pledge Holder shall be held by Pledge Holder for the benefit of Sellers in accordance with the terms of the Pledge Agreement.

ARTICLE IV. Representations and Warranties of Sellers

As an inducement to the execution of this Agreement by Purchaser and to the carrying out of the provisions hereof to be performed by Purchaser, Sellers, severally with respect to Section 4.01 hereof and jointly and severally with respect to all other Sections of this Article IV, represent and warrant to Purchaser that the following statements are true and correct on the date hereof and will continue to be true and correct on each day hereafter until and through the Closing Date as though made as of each such day.

4.01 Sellers' Common Stock. Each of the Sellers is the owner of the number of shares of the Common Stock set forth opposite his name in Section 3.01 hereof, free and clear of all liens, claims or encumbrances, and subject to no options, warrants, contracts or agreements of any kind, save and except for this Agreement and any agreement permitting repurchase of any

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NC, and each of the Sellers has full power and is
sell and deliver and has or will have taken by the
all formal action necessary to sell and deliver such
Common Stock to Purchaser, and each of the Sellers has
no right, option or other right, option or warrant to any
shares of the Common Stock or any other securities of

4.02 Organization, Standing and Capitalization of NC.

NC is a corporation duly organized, validly existing and in good
standing under the laws of the State of Delaware; is duly quali-
fied to transact business and is in good standing as a foreign
corporation in the States of Alaska and Washington and such other
states and jurisdictions in which its activities make such quali-
fications necessary; and has the corporate power to own and
dispose of its property and carry on its business as and where it
is now being conducted. The authorized capital stock of NC
consists of two classes: 2,500 shares of preferred stock, par
value \$100 per share, of which no shares are issued or outstand-
ing; and 35,000 shares of Common Stock, par value \$100 per share,
of which 20,528 shares are issued and outstanding, fully paid and
non-assessable and 7,025 shares are issued in treasury; NC has no
outstanding agreements or commitments in the form of options,
warrants or otherwise to sell or otherwise dispose of treasury
stock or to issue additional stock or securities; none of the
authorized but unissued capital stock of NC is subject to any
claims of ownership by existing stockholders, prior stockholders

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er person or to pre-emptive rights. NC's minute books
accurate records of all corporate actions of its stock-
and directors.

4.03 Subsidiaries. NC has caused the incorporation,
and is the sole stockholder, of the Subsidiaries, each of which
is duly organized, validly existing and in good standing under
the laws of the jurisdiction of its incorporation; none of the
subsidiaries owns any tangible assets, conducts any business or
is subject to any liabilities whatsoever. NC is the registered
holder of all of the issued and outstanding capital stock of each
of the Subsidiaries and all such capital stock has been duly and
validly authorized and issued and is fully paid and non-assessable
and is not subject to any claims, liens, encumbrances, options,
pre-emptive rights, rights of first refusal or any restrictions
against transfer.

4.04 Sale of NC Ltd Assets to Finning Tractor & Equip-
ment Company Limited. The sale of all of the operating assets of
NC Ltd to Finning Tractor & Equipment Company Limited on December
10, 1976 was duly and validly authorized in accordance with the
laws of the Yukon Territory; NC, as the sole stockholder of NC
Ltd, was entitled to receive a dividend of \$2,096,057.00 from NC
Ltd, subject to no claims, liens, encumbrances or rights of any
third parties, except for taxes payable as a result of such sale
and except for claims adequately reserved against by NC Ltd, and
such dividend was duly and properly declared and paid to NC by NC
Ltd; the net proceeds of the dividend paid to NC (after Canadian

(taxes) were \$2,096,057.00, free from any and all other deductions of any nature whatsoever. NC is and shall be liable for any cost or expense, including, without limitation, costs of defense, arising out of claims made by creditors or other third parties against NC Ltd. Set forth in Exhibit C are true and correct calculations demonstrating the derivation of the net proceeds figure herein set forth.

4.05 Sale of NC Retail Assets to AC. The agreement for the sale of the stock of NC Ltd and all NC Retail assets to AC will have been signed prior to the Closing Date, and such sale will be effective (except with respect to the electric generating and transmission facility at McGrath, Alaska) at the close of business on December 31, 1976. Such sale will have been duly and validly approved and authorized by NC's Board of Directors in accordance with the Laws of the State of Delaware and NC's Certificate of Incorporation and Bylaws; as owner of all assets sold or to be sold to AC, NC is entitled to receive all of the proceeds from the sale of NC Retail's assets, including the electric generating and transmission facility at McGrath, Alaska, subject to no claims, liens, encumbrances or rights of any third parties; the net proceeds on the sale of the stock of NC Ltd and NC Retail's assets will be \$6,169,518.00, free from any and all other costs or deductions of any nature whatsoever. NC is not and will not be subject to any actions, claims or liabilities whatsoever arising out of NC Ltd or the ownership of NC Ltd's stock once the stock of NC Ltd has been sold to AC.

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4.06 Termination of NC-Fabick. NC has taken all steps to terminate NC-Fabick as soon as practicable, and all liabilities of NC arising out of NC-Fabick have been considered in preparing the Pro Forma Balance Sheet with the exception of liability arising out of an obligation to Alyeska Pipeline Service Co. with respect to the repurchase of parts, which liability does not and will not exceed \$1,000,000 in amount.

4.07 Dissolution, Forfeiture. No action at law or in equity and no investigation or proceeding whatsoever is now pending or threatened (a) to liquidate, dissolve or disincorporate NC; (b) to declare any of the corporate rights, powers or privileges of NC to be null and void or otherwise than in full force and effect; (c) to declare that NC, or its Board of Directors or any of its officers, agents or employees has exceeded or violated any of its corporate rights, powers, or privileges; or (d) to obtain any decree, order, judgment or other judicial determination or administrative or other ruling that would or might impede or detract from any of the corporate rights, powers or privileges now vested in or claimed by NC.

4.08 Financial Statements and Pro Forma Balance Sheets. Exhibit D hereto consists of the Financial Statements as defined in Section 1.09 hereof. The Financial Statements were prepared in accordance with generally accepted accounting principles consistently applied, except with respect to consistent application as set forth in the Notes thereto, and fairly present the financial position of NC as at December 31, 1975 and the income and

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for the twelve-month period ending December '31, Financial Statements have been audited by Price Water- and are subject to no qualifications. Exhibit E lists of the Pro Forma Balance Sheet as defined in 16 hereof. The Pro Forma Balance Sheet has been pre- and, within the limits described in Exhibit F and to the extent pro forma balance sheets can fairly represent the projected financial position of any company, fairly represents the projected financial condition of NC as at December 31, 1976. NC's books of account from which the Financial Statements and the Pro Forma Balance Sheet were prepared adequately reflect all of NC's items of income and expense, all of its assets and liabilities, and all of its accruals. Exhibit F hereto is a statement by the chief financial officer of NC of all liabilities of NC for which accruals or reserves have been made in preparing the Pro Forma Balance Sheet and the amounts of such accruals or reserves. There shall be no breach of this Section 4.08 so long as any liabilities of NC in excess of those considered in preparing the Pro Forma Balance Sheet do not exceed any understatement of the value of NC's assets in the Pro Forma Balance Sheet.

4.09 Absence of Unaccrued or Undisclosed Liabilities.

Except as and to the extent reflected or reserved against in the Pro Forma Balance Sheet as and to the extent explained in Exhibit F (netting assets and liabilities as contemplated in the last sentence of Section 4.08 hereof) and except as and to the extent consented to in writing by Purchaser in Exhibit G, NC and the

will not have at the Closing Date any Material liabilities, whether absolute, accrued, unaccrued, contingent or otherwise, whether due or to become due. Sellers neither know nor have any reasonable ground to know of any basis for the existence of any Material liabilities of any nature or amount not fully reflected or reserved against in the Financial Statements as of the date thereof or fully covered by insurance, except non-Material liabilities thereafter accruing in the normal course of business and except as expressly set forth in the Exhibits to this Agreement.

4.10 Absence of Certain Changes. There has not been from December 31, 1975 to the date hereof, other than as reflected in Exhibit A to the Tender Offer, or elsewhere in this Agreement (including the Exhibits hereto), nor prior to the Closing Date will there be: (a) any Materially adverse change in the business, assets, liabilities, or financial condition of NC; (b) except for purchases of Common Stock by Messrs. Cagle, Corn and Johnson and repurchase by NC of Common Stock of Marie Mattila, any change in, or any authorization of the creation or issuance or agreement for issuance of NC's capital stock; (c) any increase in the total indebtedness or liabilities of NC, except increases in the ordinary course of business; (d) any casualty, condemnation, damage, destruction or loss (whether or not covered by insurance) Materially adversely affecting the business, business prospects, or any of the properties of NC; (e) any increase in the compensation, direct or indirect, of any of the officers, directors or employees

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than routine increases in the ordinary course of business required pursuant to the terms of contracts between NC and unions representing the employees of NC; (f) any default in respect of any Material Contract or other obligation of NC; (g) any Material change in the methods and procedures employed in keeping the books and records of NC; or (h) any declarations or payment of any dividend or distribution on NC's capital stock not considered in the Pro Forma Balance Sheet.

4.11 Compliance With Obligations. Except as disclosed on Exhibit E, neither NC nor any of the Subsidiaries is in violation of, or in default with respect to, any term or provision of: (a) its Certificate of Incorporation or Bylaws; (b) any Material Contract to which it may be a party or by which it may be bound; (c) any judgment, order, writ, injunction or decree of any court or of any federal, state, territorial, municipal, foreign or other commission, board or other administrative or governmental agency or authority in any case or proceeding; or (d) any federal, state, territorial, municipal, foreign or other statute, law (including common law), rule or regulation applicable to NC or by which it may be bound in any manner, any of the foregoing which presently or (so far as Sellers can now reasonably foresee) at any future time may affect it adversely in any Material respect.

4.12 Taxes. All tax returns and reports of NC and the Subsidiaries required by law (including, without limiting the generality of the foregoing, all income, unemployment compensation,

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compensation, Social Security, sales, compensating use, college and franchise tax laws of the United States or territory or municipal political subdivision thereof or any political subdivision thereof) to be filed and timely filed and all taxes, assessments, impositions, fees and governmental charges or impositions shown on returns and reports (other than those not yet due and payable, presently payable without penalty or interest and those currently being contested in good faith) upon NC and the Subsidiaries or upon or measured by the properties or assets or income of NC and the Subsidiaries have been paid. Neither NC nor any of the Subsidiaries has received any notice of assessment or proposed assessment of any United States, state, municipal, foreign or other tax upon or measured by its income or has knowledge of any basis for an additional assessment of any such tax. NC has not knowingly waived any law or regulation fixing, or consented to the extension of, any period of time for the assessment of any tax or other governmental imposition or become committed so to do. The reserve for current taxes accrued on the books of NC is reasonable and substantially adequate in amount.

4.13 Litigation. Except as set forth in Exhibit I hereto, neither NC nor any of the Subsidiaries is threatened with, or is a party directly or indirectly to, any Material legal action, governmental investigation or other proceeding (governmental or private), including investigations, inquiries, citations, complaints, orders or stipulations by the Federal Energy

Washington Department of Ecology, Federal Trade
Department of Justice, Treasury Department, Post
or any other Federal, Canadian, state, pro-
fessional agency or governmental unit; and, except as set
forth in Exhibit I, there are no judgments, orders, restrictions
of a continuing nature outstanding against NC or any
Subsidiaries. Neither NC nor any of the Subsidiaries has
been charged with any violation of current Material significance
of any provision of any Federal, state, provincial, local or
Canadian law or administrative regulations thereunder in respect
of its business or property except as set forth in said Exhibit
I. Exhibit I has set forth therein with respect to all matters
listed whether and to what extent such matters are covered by
insurance and, if so by whom such matters are being handled. In
addition, except as set forth in said Exhibit I and heretofore
furnished to Purchaser, NC is not, and at the Closing Date will
not be operating under any compliance schedule for any govern-
mental agency with respect to pollution control or acts affecting
the environment.

4.14 Title to Properties. NC has or will have at the
Closing Date, good and marketable title to all assets of whatso-
ever nature now possessed by it or used by it in the U.S. Division
(including the real estate described in Exhibit J hereto and all
other tangible and intangible assets shown or represented on
Exhibit D hereto or acquired after December 31, 1975, except as
since sold or otherwise disposed of pursuant to the transactions

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with Section 2.05 hereof or in the ordinary course of
subject to no mortgage, pledge, lien, conditional sale
or to any other encumbrance, except: (a) as specifically
in Exhibits D and J; (b) for leases for real and personal
set forth in Exhibit L; or (c) liens for real and personal
property taxes not yet delinquent, but accrued in the Pro Forma
Balance Sheet. Also set forth in Exhibit J are statements of all
encumbrances against the real estate described therein and the
amount of title insurance available to NC with respect to such
real estate. Exhibit J is certified to be correct by the Presi-
dent of NC. Exhibit K sets forth a schedule of Material assets
(property, plant and equipment only) acquired or disposed of by
NC since December 31, 1975 and is certified by the President of
NC.

4.15 Leases. Exhibit L hereto completely lists and
briefly describes all Material leases (for both personal and real
property) under which NC is either a lessor or a lessee, and true
and complete copies of all such leases have been or will be deli-
vered to Purchaser at least seven (7) days prior to the Closing
Date. Each of said leases is, and at the Closing Date, will be,
in full force and effect and binding upon the parties thereto and
there are, and at the Closing Date, will be, no defaults under
any of such leases.

4.16 Material Contracts and Commitments. Exhibit M
hereto correctly and completely lists each Material Contract
(other than the leases described in Exhibit L) to which NC or

Subsidiaries is a party or by which NC or any of the
may be bound, and also lists, regardless of whether
Material Contracts, all collective bargaining agreements
other contracts with or commitments to any labor union, employ-
ment agreements with individual employees extending for a period
of more than three months from the date hereof, all bonus,
incentive compensation, pension, retirement, group insurance,
employee savings or other employee welfare plans of any nature by
which NC or any of the Subsidiaries may be bound. True and cor-
rect copies of all Material Contracts and commitments listed in
Exhibit M have been or will have been delivered to Purchaser at
least seven (7) days prior to the Closing Date. With respect to
employee pension, retirement or savings plans, NC has or will
have fully funded all vested past service obligations as at the
Closing Date and has or will have paid to the respective trustees
thereof prior to the Closing Date all corporate contributions
required by any such plans and all voluntary contributions with-
held from employees up to the Closing Date, and all such pension,
retirement or savings plans are or shall be at the Closing Date
in compliance with the Employee Retirement Income Security Act of
1974. Exhibit M also lists the names and rates of compensation,
including bonuses (paid or estimated), commissions and the like
for 1976, of each officer, director, employee and individual con-
sultant of NC who currently receives \$40,000 per year or more.
Each Material Contract and other agreement or contract listed in
Exhibit M is presently, and at the closing will be, in full force

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and fully binding on the other parties thereto in
with the terms thereof. No parties to any Material
which NC or any of the Subsidiaries is also a party
best knowledge of Sellers, not in compliance with, or
under, the terms and provisions of such Material

4.17 Trademarks. Exhibit N hereto is a complete and
correct list as of the date hereof of all trademarks, tradenames
(all of which are duly registered in the State of Washington),
copyrights, licenses and patents (issued or applied for) used by
NC in its business. NC has or will have on the Closing Date good
title to all trademarks and other items listed in Exhibit N and
their use by NC does not conflict with the rights of others and
is not subject to any unusual restrictions.

4.18 Insurance. Exhibit O hereto correctly and com-
pletely lists and briefly describes the insurance coverage
carried and maintained by NC and NC-Fabick as of the date hereof.
The insurance listed in Exhibit O is adequate for the business
conducted by NC, and NC will maintain such insurance through the
Closing Date.

4.19 Banking Relationships. Exhibit P hereto correctly
and completely lists the various banks and accounts in such banks
with which NC and the Subsidiaries have deposit, checking or
borrowing relationships and indicates the names of those author-
ized to sign any documents with respect to such accounts and the
date of the most recently approved banking resolution with respect

NC will maintain the banking or borrowing relationships Exhibit P through the Closing Date.

4.20 Books of Account. The books of account of NC are complete and correct in all material respects, and monies due to or to or owing by, and all liabilities of, NC and the Subsidiaries by reason of any transaction, matter, cause or thing whatsoever, which, in accordance with generally accepted accounting principles or practices should be entered therein, have been duly, correctly and completely entered therein.

4.21 Corporate Documents. True and correct copies of the Certificate of Incorporation of NC and all amendments thereto, and the Bylaws of NC currently in effect have been provided to Purchaser on the date hereof, and no amendments shall be or have been made to the Certificate of Incorporation prior to the Closing Date. The last amendment to the Certificate of Incorporation, effective December 1, 1976, rendered Section 203 of the Delaware Corporation Law inapplicable to the Tender Offer and the transactions contemplated herein.

4.22 Accounts Receivable. All accounts receivable of NC and the Subsidiaries are valid, genuine and subsisting, arise out of a bona fide sales and deliveries of goods, performances of services or loans, are subject to no known defenses, set-offs or counterclaims, are current, and (except to the extent reserved against in the Financial Statements or the Pro Forma Balance Sheet) are fully collectible. Since the preparation of the Pro

Balance Sheet there have been no changes in the condition of accounts receivable of NC which individually, or in the aggregate, are Materially adverse.

4.23 Inventories. All of the inventories of NC reflected in the Financial Statements were in existence at the date thereof. All such inventories, and all inventories acquired since December 31, 1975 and reflected in the Pro Forma Balance Sheet are of good and merchantable quality and are usable and salable in the ordinary course of NC's business. On the Financial Statements (as they relate to the U.S. Division) and the Pro Forma Balance Sheet, inventories of Caterpillar machines and parts have been valued on a last-in, first-out basis, and the reserves established by NC with respect to such inventories of Caterpillar machines and parts are adequate in amount. All other inventories of the U.S. Division have been valued on a first-in, first-out basis in the Financial Statements and the Pro Forma Balance Sheet. Except for items listed in Exhibit Q, the present quantities of inventories of NC are reasonable and warranted in the present circumstances of its business.

4.24 No Finder. Neither NC nor any of the Sellers has been represented by any finder or broker in connection with this transaction, and Sellers will indemnify Purchaser and NC against, and save Purchaser and NC harmless from, all claims and liabilities arising from any person or entity claiming to have acted in either such capacity for Sellers or NC.

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25 Execution and Performance of Agreement. The

performance by Sellers of this Agreement and consummation of the transactions herein envisioned will not violate any law, or result in the breach of, or constitute a default under, any law, or any order, writ, injunction or decree of any governmental agency or arbitration tribunal, or any agreement or instrument by which Sellers, NC or any of its subsidiaries, or any of them are bound, and all governmental consents, licenses or permissions necessary to Sellers' performance of this Agreement and the contemplated transactions have been obtained or will be obtained prior to the Closing Date (except for the consent to the transfer of the electric generating and transmission facility at McGrath, Alaska and any consent required by reason of Canada's Foreign Investment Review Act).

4.26 Disclosure. Sellers do not know, and should not reasonably have knowledge, of any untrue statements of any Material fact in, or of any omissions to state any Material fact necessary in order to make the statements contained in, Exhibit A to the Tender Offer (with the exception of statements regarding the intentions of Purchaser), the Financial Statements, the Pro Forma Balance Sheet, any Exhibit to this Agreement and this Agreement not misleading. To the best knowledge of Sellers, there is no fact which Materially adversely affects or in the future may (so far as Sellers can now reasonably foresee) Materially adversely affect the business or prospects or condition (financial or otherwise) of NC or any of its properties or assets which has not been set forth herein or in the Exhibits hereto.

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ARTICLE V. Representations and
Warranties of Purchaser

As an inducement to the execution of this Agreement by Sellers and to the carrying out of the provisions hereof to be performed by Sellers, Purchaser represents and warrants to Sellers that the following statements are true and correct on the date hereof and on each day hereafter until and through the Closing Date as though made as of each such day.

5.01 Organization and Standing of Purchaser. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has the corporate power to own and dispose of its property and carry on its business as and where it is now being conducted.

5.02 Execution and Performance of Agreement. The signing and performance by Purchaser of this Agreement has been duly authorized by its Board of Directors, and the consummation of the transactions herein envisioned will not violate any provision of, or result in the breach of, or constitute or default under, any law, or any order, writ, injunction or decree of any court, governmental agency or arbitration tribunal, or any Material Contract or instrument by which Purchaser is bound.

5.03 Pledge Agreement. The signing and performance of the Pledge Agreement has been duly authorized by Purchaser's Board of Directors and by the other Alpac stockholders pledging their shares, and the pledge of the stock of NC and Alpac pursuant thereto will not violate any provision of, or result in the

each of, or constitute a default under, any law, or any order, writ, injunction or decree of any court, governmental agency or arbitration tribunal, or any agreement or instrument by which Purchaser or any other Alpac stockholder pledging his shares is bound.

5.04 Organization and Standing of Alpac. Alpac is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada; is duly qualified to transact business as a foreign corporation in such other states and jurisdictions in which its activities make such qualifications necessary; and has the corporate power to own and dispose of its property and carry on its business as and where it is now being conducted. The authorized capital stock of Alpac is as set forth in Exhibit R hereto.

5.05 Disclosure With Respect to Alpac. In connection with the security for the obligations of Purchaser set forth in Section 3.02 hereof, Purchaser has provided disclosure materials in the form attached hereto as Exhibit R with respect to Alpac. Purchaser does not know, and should not reasonably have knowledge, of any untrue statement of any Material fact in, or of any omission to state any Material fact necessary in order to make the statements contained in, Exhibit R not misleading. To the best knowledge of Purchaser, there is no fact which Materially adversely affects or in the future may (so far as Purchaser can now reasonably foresee) Materially adversely affect the business or prospects or condition (financial or otherwise) of Alpac or any of

properties not disclosed in Exhibit R. The consolidated balance sheet and related consolidated statements of income, retained earnings, capital in excess of stated value and changes in financial position for the years then ended for Alpac contained in Exhibit R were prepared in accordance with generally accepted accounting principles consistently applied (except as stated in the Notes thereto) and fairly present the financial position of Alpac as at the periods indicated and the income and expenses of Alpac for the twelve-month periods ended as indicated therein.

5.06 No Finder. Purchaser has not been represented by any finder or broker in connection with this transaction and Purchaser will indemnify Sellers against, and save Sellers harmless from, all claims and liabilities arising from any person or entity claiming to have acted in either such capacity for Purchaser.

ARTICLE VI. Certain Covenants of Sellers

6.01 Conduct of Business of NC Pending Closing.

Sellers agree that from the date hereof until the Closing Date, Sellers will perform or cause to be performed by NC the following covenants, unless waived in writing by Purchaser:

(a) The business of NC will be conducted in the manner heretofore conducted and only in the ordinary and usual course (except for the sale of the stock of NC Ltd and the assets of NC Retail to AC) and NC's property and equipment will continue to be well maintained in accordance with good business practice;

(b) No change will be made in the Certificate of Incorporation or Bylaws of NC;

(c) No change will be made in the authorized or issued and outstanding capital stock of NC;

(d) Unless accrued and reserved for in the Pro Forma Balance Sheet and described in Exhibit F, no dividend or other distribution or payment will be declared or made in respect of the Common Stock and no indebtedness of NC to any of the Sellers will be retired;

(e) No increase will be made in the compensation payable or to become payable by NC to any of its directors, officers, employees, agents, consultants or stockholders, including any stock options, bonus payments or other benefits;

(f) No contract or commitment for the payment of an aggregate amount of \$10,000 or more will be entered into by or on behalf of NC, except in the ordinary course of business;

(g) No indebtedness for borrowed money will be created, assumed, incurred or guaranteed by NC in an aggregate principal amount exceeding \$10,000, except in the ordinary course of business;

(h) Except for the sale of the stock of NC Ltd and the assets of NC Retail to AC, no sale, transfer or other disposition, and no mortgage, pledge or other encumbrance of any Material assets will be made or entered into by or on behalf of NC, except in the ordinary course of business, and NC will not

into any lease of its assets under terms or reserving
rentals materially different from those in leases presently in
effect;

(i) No change will be made with respect to the
management or supervisory personnel or banking or safe deposit
arrangements of NC;

(j) Sellers will use their best efforts to keep
intact the organization of NC; to keep available the services of
NC's present employees; and to preserve the good will of its
suppliers, customers and others having business relations with
NC;

(k) Sellers will not make any transfer of any of
Sellers' shares of Common Stock nor will Sellers subject any such
shares to any pledges, liens or encumbrances of any nature; and

(l) Sellers will cause NC to file promptly all
required tax returns and to pay promptly all federal, state and
local tax assessments and governmental charges lawfully levied or
assessed upon it or upon its properties or upon any part thereof,
which have become due and payable and will cause NC to withhold
from its employee's wages and to pay over all federal and state
taxes required to be withheld and paid over.

6.02 Access and Information. Sellers will cause NC
at all reasonable times prior to the Closing Date to open its
offices, books, accounts and records, including all correspon-
dence and files related to Material Contracts, insurance policies
and claims, and provide for access to working papers, files and

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ords of its certified public accountants, for full and unre-
lected examination and inspection by Purchaser, its officers,
attorneys, accountants and engineers, but no such examination or
inspection shall in any way affect, diminish, or terminate any
of the representations or warranties of Sellers hereunder or the
right of Purchaser to rely thereon.

6.03 Title Certificates. At the Closing Date, Sellers
will cause NC to provide to Purchaser, at Sellers' expense, a
limited liability certificates of title insurance, issued with
respect to property in King County, Washington and Anchorage,
Alaska by Safeco Title Insurance Company and with respect to
all other property by Pioneer National Title Insurance Company,
covering all real property described in Exhibit J. The title
insurance certificates shall contain no exceptions other than
those set forth in Exhibit J, and Sellers covenant to cause any
other exceptions to be removed prior to the Closing Date. Pur-
chaser may, at its sole discretion, permit Sellers to deliver
said certificates at a date later than the Closing Date.

6.04 Best Efforts. Sellers will cause NC to, and
will each individually, utilize best efforts to assist Purchaser
in effectuating the Tender Offer to the Holders of less than 200
shares of the Common Stock.

6.05 Guaranty of AC Obligations. Each of the Sellers
hereby absolutely and unconditionally guarantees on a pro rata
basis (i.e. each of the Sellers will be a guarantor with respect

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that percentage of the obligations of AC to NC equal to the percentage payable to each of the Sellers of the total aggregate purchase price payable by Purchaser to all of the Sellers) the performance and fulfillment by AC of all of the terms and covenants undertaken by AC pursuant to the agreement between AC and NC related to the sale of the stock of NC Ltd and the assets of NC Retail to AC and further guarantees the timely and complete payment of all sums due to NC from AC in accordance with the terms of the installment obligations of AC to pay the purchase price for the stock of NC Ltd and the assets of NC Retail. Each of the Sellers agrees that NC may grant extensions of time with respect to any covenant or obligation guaranteed hereby without notice to Sellers and without affecting the liability of Sellers in any respect. Each of the Sellers waives any right to require NC to proceed first against AC, or to pursue any other remedy in NC's power whatsoever. Each of the Sellers waives all presentments, demands for performance, notices of nonperformance, protests, notices of acceptance of his guaranty and any defense based on an election of remedy by NC. The guaranty of each of the Sellers shall continue so long as AC has any obligations or liabilities to NC under the terms of its installment obligations to NC or its agreement with NC, and the guaranty of each of the Sellers is irrevocable. Each of the Sellers agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by NC in enforcement of this Guaranty.

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Resignations of Directors and Officers; Election

At the Closing Date, Sellers will cause meetings of the Board of Directors of NC and the Subsidiaries to be duly and lawfully convened, and at such meetings, all of the Directors in office up to the Closing Date shall, in rotation, resign and a number (or such lesser number as Purchaser may specify) of nominees of Purchaser shall be elected to fill the unexpired terms of the Directors resigning so that the nominees of the Purchaser shall, at the conclusion of said meetings, constitute all of the Directors of NC and the Subsidiaries. All of the officers of NC in office up to the Closing Date shall also resign on the Closing Date.

6.07 Delivery of Corporate Records. On the Closing Date, Sellers shall deliver, or cause to be delivered to Purchaser, the corporate minute books, Certificate of Incorporation, Bylaws and Stock Records of NC and the Subsidiaries.

ARTICLE VII. Certain Covenants of Purchaser

7.01 Provision of Audited Financials. Purchaser will cause financial statements of NC and Alpac to be audited by its certified public accountants for each of the fiscal years of NC and Alpac ending prior to the discharge of Purchaser's obligations to the Sellers set forth in Section 3.02 hereof. Copies of such audited financial statements shall be mailed to each of the Sellers at the addresses described in Section 3.02, as soon as

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after the same become available unless the obligations of Seller to Sellers are discharged prior to such availability.

7.02 Best Efforts. Purchaser will use its best efforts to obtain the approval and consent of Caterpillar to the performance of this Agreement and to the award of a Sales and Service Agreement and Distribution Agreement for Engines to NC upon consummation of the Tender Offer and the transactions referred to in this Agreement. Purchaser will also use its best efforts to effect the Tender Offer.

ARTICLE VIII. Conditions Precedent to
Purchaser's Obligation to Close

The following are, except to the extent waived in writing, conditions precedent to Purchaser's obligations to close hereunder:

8.01 Representations and Warranties True as of Closing Date. The representations and warranties made by Sellers in Article IV shall be valid, true and complete at the Closing Date with the same force and effect, other than as provided herein, as if such representations and warranties had been made on and as of the Closing Date. Agent shall submit to Purchaser at the closing a certificate or certificates certifying the validity, truth and completeness of representations and warranties of Sellers herein.

8.02 Obligations of Sellers Performed. The obligations and covenants made by Sellers in Article VI shall have been performed and the Certificate of Agent referred to in Section 8.01 hereof shall so state.

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8.03 Consummation of Sales of Assets. The agreement between NC and NC for the sale of the stock of NC Ltd and the sale of NC Retail to AC at a purchase price of \$6,169,518 with an effective date as of the close of business on December 31, 1976 shall have been signed.

8.04 Approval of Caterpillar. Caterpillar shall have approved and consented to the performance of this Agreement by Purchaser and shall have agreed to execute with NC after the consummation of the transactions envisioned herein a Sales and Service Agreement and Distribution Agreement for Engines for the territory of Alaska and Western Washington.

8.05 Tender Offer Success. The Tender Offer shall have been accepted by Holders of at least a sufficient number of shares of the Common Stock so that, when such number is added to the number of shares of Common Stock sold and purchased hereunder, the total number of shares of Common Stock transferred to Purchaser on the Closing Date shall not be less than 18,476.

8.06 Opinion of Counsel. Purchaser shall have received the opinion of Messrs. Jones, Gray & Bayley, counsel to Sellers, NC and AC, in substance satisfactory to Purchaser and its counsel and in the form attached hereto as Exhibit S.

8.07 Absence of Adverse Changes. Neither Purchaser nor NC shall have incurred any Materially adverse change in its business, or financial condition or operations. No Material loss on account of fire, flood, accident or other calamity, regardless of whether or not such loss shall have been insured, shall have

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...rred by NC. Purchaser shall have become aware of no
... existing facts which, in Purchaser's sole judgment,
... may have Material significance with respect to the value
... the Common Stock.

8.08 No Action or Injunction. There shall not have
been threatened or instituted against Purchaser, NC or any of the
Sellers any action or proceeding before any court or admini-
strative agency by any governmental agency or any other person
challenging the acquisition by Purchaser of the Common Stock or
otherwise relating to the Tender Offer or this Agreement, or, in
the opinion of Purchaser, Materially adversely affecting NC or
Purchaser.

8.09 Information Valid. All of the information sub-
mitted to Purchaser in connection with the Tender Offer and in
this Agreement and in the various Exhibits to this Agreement
shall be valid, true and complete at the Closing Date.

8.10 Securities Laws. Purchaser shall not have re-
ceived any opinion from its counsel, Messrs. Bogle & Gates,
advising that the purchase of Common Stock pursuant to the Tender
Offer or this Agreement violates any securities or other laws of
the United States, Canada or any state, province or territory
thereof.

ARTICLE IX. Conditions Precedent
to Sellers Obligations to Close

The following are, except to the extent waived in

Conditions precedent to Sellers' obligations to close
hereunder:

9.01 Representations and Warranties True as of Closing.

The representations and warranties made by Purchaser in Article V shall be valid, true and complete at closing with the same force and effect, other than as provided herein, as if such representations and warranties had been made on and as of the Closing Date. Purchaser shall cause a duly authorized officer of Purchaser to submit to Sellers at closing a certificate certifying the same.

9.02 Obligations of Purchaser Performed. The obligations and covenants of Purchaser in Article VII hereof shall have been performed, and the certificate of an officer of Purchaser referred to in Section 9.01 hereof shall so state.

9.03 Opinion of Counsel. Sellers shall have received the written opinion of Messrs. Bogle & Gates, counsel to Purchaser, in substance satisfactory to Sellers and their counsel and in the form attached hereto as Exhibit T.

ARTICLE X. The Closing

The Closing Date shall be at 10:00 A.M. Seattle Time on or before December 30, 1976, or on such subsequent date as the parties hereto may prior thereto mutually agree in writing, and for this purpose a telex, telegraph or similar transmission shall be deemed a writing if later confirmed by letter. Closing shall occur at the offices of Messrs. Bogle & Gates, The Bank of California Center, Seattle, Washington.

ARTICLE XI. Appointment and Powers of Agent;
Right of Contribution; Instructions
to Seattle-First National Bank

11.01 Appointment of Agent. Each of the Sellers hereby appoints Agent to be their representative for the purposes hereinafter set forth.

11.02 Powers of Agent. Agent shall be and is hereby constituted as the authorized recipient of any and all notices from Purchaser to Sellers, whether such notices be required under the terms of this Agreement or not, and such notices shall be given to Agent in the manner provided in Section 14.02 hereof. A copy of all such notices shall be given to Jones, Grey & Bayley, or to such successor attorneys as may be designated in writing to Purchaser by Agent or any successor. Agent shall be and is hereby authorized and empowered on behalf of each of the Sellers to act as the agent and representative of each, in his place and stead, in all dealings with Purchaser and Pledge-Holder under the Pledge Agreement in connection with any matter relating to this Agreement or the Pledge Agreement, and, in general, to do any and all things which any of the Sellers could do with respect thereto. Without limiting the generality of the foregoing, Agent is authorized to execute and deliver notices and instructions to Purchaser and Pledge Holder, to agree to or contest any losses asserted by Purchaser or set-offs made by Purchaser, to join in the defense of any claim asserted against NC and to defend the same, and to execute any settlements or agreements, give waivers and releases, accept notices and accept delivery of documents, including service

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documents on Sellers or any of them; provided, however, that may, but need not, obtain the agreement of such number of Sellers as represent a majority of the shares of Common Stock purchased hereunder, prior to taking (or being obliged to take) any action hereunder other than the receipt of notices. Purchaser and Pledge Holder may rely upon or act on any written representation, waiver, or release of Agent as being that of all of the Sellers, without further inquiry, unless Purchaser or Pledge Holder shall, before acting in reliance thereon, receive written notice to the contrary, or written notice of the appointment of a successor agent, signed by such number of the Sellers as represent a majority of the shares of Common Stock purchased by Purchaser hereunder.

11.03 Successor. Upon the death, resignation or inability of Agent, a successor shall be appointed by such number of the Sellers as represent a majority of the shares of Common Stock purchased by Purchaser hereunder, who shall deliver a written notice thereof signed by such Sellers to Purchaser and Pledgee. If no successor to Agent is selected by Sellers within ten (10) days of the death, resignation or inability of Agent to serve as contemplated herein, Purchaser shall have the right to designate any of the Sellers then residing in the State of Washington as successor to Agent by delivery of a written notice of such designation to him, and the successor so designated shall act as agent of the Sellers until such time as the Sellers shall

...int a new agent. Any successor to Agent shall have the
...s and authority as Agent.

11.04 Liability of Agent. Each of the Sellers agrees
that all costs and expenses (including, without limitation,
attorney and accounting fees and expenses) incurred by Agent are
for the account of Sellers, and that they will pay their ratable
portion thereof. The Sellers shall indemnify and hold harmless
any agent acting pursuant to this Article XI from any and all
costs, liability, claims and losses, except on account of willful
default or gross negligence. It is expressly understood and
agreed by all of the parties to this Agreement that the provisions
of this Article XI constitute an agreement among the Sellers to
which Purchaser is not a party and in which Purchaser has no
interest. In no event shall Purchaser be responsible for, or
incur any liabilities with respect to, any acts or omissions of
Agent.

11.05 Right of Contribution. If any Seller incurs
any loss due to the provisions of Section 6.05, 11.04, 12.02, or
otherwise under or in connection with this Agreement, then each
of the Sellers shall contribute toward that loss an amount deter-
mined by the proportion that the shares of Common Stock held by
each bear to the total number of shares of Common Stock held by
all Sellers at the time of execution of this Agreement. If less
than all the Sellers discharge any loss incurred by any party
indemnified under or in connection with this Agreement, then such

all have the right of contribution against each of the
Sellers in the same proportion.

11.06 Instructions to Seattle-First National Bank.

hereto as Exhibit U are certain instructions from Sellers
to Seattle-First National Bank authorizing the bank to act as
agent for the receipt and disbursement of certain pay-
ments from Purchaser.

ARTICLE XII. Certain Agreements With Respect
to Guaranties and Warranties

12.01 Survival of Guaranties, Representations and
Warranties. The guaranties, representations, warranties and
covenants of Sellers contained in this Agreement and the Exhibits
hereto and the representations, warranties and covenants of Pur-
chaser contained in this Agreement and Exhibit B hereto shall
survive the Closing Date unless the context clearly indicates to
the contrary; provided, however, that no action or claim may be
made by Purchaser against Sellers, or by Sellers against Pur-
chaser, for breach of guaranties, representations, warranties or
covenants herein after seven (7) years from the Closing Date; and
provided, further, that the rights of Sellers and Purchaser,
respectively, are limited as set forth in Section 3.02 and 12.03
hereof. All parties to this Agreement expressly waive any defense
under any applicable statute of limitations with respect to the
period during which actions or claims may be made pursuant to the
preceding sentence.

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12.02 Sellers' Indemnity. Sellers severally, and on a pro rata basis similar to that described in Section 6.05 hereof, shall indemnify Purchaser or NC or both and hold Purchaser or NC or both harmless against any and all loss, damage or expense (including, without limitation, attorneys' fees, including attorneys' fees for appeals), resulting from any misrepresentation made or breach of warranty given or covenant made in this Agreement by sellers, as well as from and against all debts, claims and liabilities of NC which have arisen or which may arise because, or as a result of, any fact, event or transaction existing or occurring on or before the Closing Date, regardless of when the cause of action therefor shall be deemed to arise, except for any such debt, claim or liability which may be included as a liability in the Pro Forma Balance Sheet (to the extent of the amount thereof so included as indicated in Exhibit F hereto) and except for liabilities arising out of NC's obligation to repurchase parts from Alyeska Pipeline Service Co. and except for liabilities arising out of risks accepted by Purchaser in Exhibit G; except for liabilities arising out of risks accepted by Purchaser in Exhibit G, Sellers severally, and on a pro rata basis, agree to save and indemnify Purchaser or NC or both from and against any and all costs, expenses (including, without limitation, attorneys' fees, including attorneys' fees for appeals) and damages arising out of any claim, action, suit or proceeding (including, without limitation, any action, suit or proceeding disclosed in Exhibit I hereto for which liability has not been reserved against as

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ted in Exhibit F) concerning any such debt, claim or liability, whether such claim, action, suit or proceeding shall be reduced to final judgment or shall be settled prior thereto; provided, however, that the time during which Purchaser or NC or both may make any claim against Sellers hereunder shall be limited to the period specified in Section 12.01 hereof; and provided, further, that the aggregate of all such claims must exceed the sum of \$50,000 before claims may be made. Without in any way limiting the foregoing indemnity, Sellers expressly recognize that this indemnity is applicable to assessments or re-assessments in respect of United States Income Taxes, Federal Energy Administration assessments or other governmental taxes or like re-assessments for the years preceding the transactions herein envisioned limited only by the time period set forth in Section 12.01 hereof.

12.03 Limitation of Liability. The maximum liability of each of the Sellers to Purchaser for breach of guaranties, representations, warranties or covenants of Sellers shall not at any time exceed the balance remaining due to him on Purchaser's obligations set forth in Section 3.02 hereof; provided, however, that if the obligations of Purchaser to Sellers set forth in Section 3.02 shall be accelerated by Sellers for any reason, then the maximum liability of each of the Sellers shall be the same declining balance remaining due as if such acceleration shall not have occurred.

12.04 Right of Set-off. As a non-exclusive first step in the indemnity provided in Section 12.02, Purchaser may set-off the amount of any liquidated loss, damage or expense incurred by Purchaser or NC or both by reason of any misrepresentation made or breach of warranty or guaranty given or covenanted by Sellers against any obligations of Purchaser under Section 3.02 to the Sellers remaining unpaid at the time of such set-off. Similarly, Purchaser may set-off any liquidated amount due to Purchaser from Sellers by reason of the indemnity set forth in Section 12.02 hereof. Upon the exercise of the right to set-off provided herein, Purchaser shall, within thirty (30) days, notify Agent and Pledge Holder under the Pledge Agreement of such action and of the amount of set-off applicable to each of the Sellers. The exercise of the right of set-off by Purchaser shall not be an event of default under the Pledge Agreement. So long as any liability of or claim against Purchaser or NC to which the right of set-off may apply shall not have been liquidated or paid, Purchaser may not exercise the right to set-off; provided, however, that if any unliquidated or not yet payable liability of or claim against Purchaser or NC to which the right of set-off may apply, or the aggregate of all such liabilities or claims, shall equal or exceed the amount remaining due to Sellers under Section 3.02 hereof, Purchaser shall have the right to exercise the right to set-off, but all funds subject to such set-off shall be deposited by Purchaser in an escrow account pending

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liability and payment for such liability or claim. No exercise of the right of set-off by Purchaser shall preclude the Sellers' from exercising any and all rights and remedies which are available to challenge such set-off.

12.05 Notice. If Purchaser or NC or both, shall claim to have suffered any loss or damage by reason of a misrepresentation made or breach of warranty or guaranty given or covenant made by Sellers in this Agreement, Purchaser or NC or both shall, within sixty (60) days of discovery of such loss or damage, send written notice of such claim to Agent. Said notice shall state in reasonable detail the representation, warranty, guaranty or covenant with respect to which the claim is made, the facts giving rise to, and the basis alleged for, the claim, and the amount of liability asserted by the Purchaser against Sellers by reason thereof.

12.06 Right to Join in Defense. If any claim is made against Purchaser or NC or both which may give rise to a liability of Sellers or any of them in an amount of more than \$50,000 by reason of any one or more representations, warranties, guaranties or covenants of Sellers contained herein, Purchaser shall, within thirty (30) days thereof, cause notice to be delivered to Agent and shall afford Sellers and their counsel, at the sole cost and expense of Sellers, the opportunity to join with Purchaser in defending or compromising such claim. Purchaser shall, however, have the right to control any litigation in which Sellers or any

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then join subject to the rights of Agent and Sellers to require their consent for any compromise or settlement thereof. If such notice and opportunity are not given to Agent, or if such claim is compromised or settled without the consent of Agent or any of the Sellers joining in defending or compromising such claim, no liability shall be imposed upon Sellers by reason of such claim.

12.07 Amount of Damages. Purchaser agrees that the amount of any damages suffered by Purchaser or NC or both by reason of any misrepresentation made or breach of any warranty or guaranty given or covenant made in this Agreement by Sellers shall be the net amount of any such damage after making proper provision or allowance to reflect any federal income tax deduction or credit or other income tax benefit to be received by Purchaser or NC or both attributable to such misrepresentation or breach of warranty or guaranty and the damage resulting therefrom.

12.08 Jurisdiction and Venue. If for any reason any actions shall be filed between Sellers or any of them and Purchaser or NC, each of the Sellers agrees to the jurisdiction of the courts of the State of Washington and that venue may be properly laid in or transferred to King County, Washington. Each of the Sellers authorizes Agent to receive service of process on his behalf.

ARTICLE XIII. Additional Instruments

Each party hereto shall from time to time execute and deliver such further instruments and render such further assis-

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the other party or parties or its or their counsel may
request in order to complete the transactions con-
herein.

ARTICLE XVI. Miscellaneous

14.01 Successors. This Agreement and each of its
provisions shall bind and inure to the benefit of the parties
hereto and their respective successors and assigns. Nothing
herein expressed or implied is intended or shall be construed to
give any person or entity other than the parties hereto and their
respective successors or assigns any rights or remedies under or
by reason of this Agreement.

14.02 Notices. All notices or instructions under this
Agreement shall be in writing and shall be delivered in person or
sent by registered mail, return receipt requested, to the party
to whom addressed, at the address set forth below (or to such
other address as any party may from time to time advise the
other):

To Purchaser:

Skinner Corporation
Skinner Building
Seattle, Washington 98101

Attention: D. E. Skinner,
President

To Sellers: (Agent)

Mr. Volney Richmond Jr.
1620 43rd East
Seattle, Washington 98112

Any notice sent by registered mail in accordance with this Section 14.02 shall be deemed delivered as of three days after the date on which such notice was registered.

14.03 Expenses. Each of the parties to this Agreement shall bear its own expenses in connection with the transactions herein envisioned and Sellers shall pay the expenses of NC.

14.04 Entire Agreement. This Agreement, including each of the Exhibits incorporated herein by reference, and all other contemporaneously signed instruments specifically referred to herein constitute the entire agreement between the parties and supersede the Letter of Intent. This Agreement may not be changed except by an instrument in writing.

14.05 Counterparts. This Agreement may be executed in one or more counterparts, each of which may be deemed to be an original instrument but all of which together shall constitute but one instrument and only one set of rights and obligations shall arise therefrom.

14.06 Headings, Number and Gender. The headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof. In construing this agreement the singular of words shall be deemed to include the plural thereof, and all pronouns shall be deemed to include the masculine, feminine and neuter genders.

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14.07 Governing Law. This Agreement shall be governed
construed in accordance with the laws of the State of
Washington, U.S.A.

14.08 Time of Essence. Time shall be of essence to
this Agreement.

IN WITNESS WHEREOF, the corporate parties hereto have
caused their duly authorized officers to sign on their behalf and
the individual parties have affixed their signatures hereunto on
this 30th day of December, 1976.

Purchaser:

SKINNER CORPORATION

By /s/ D. E. Skinner
Its President

Sellers:

/s/ Nell Agnes Cody
Nell Agnes Cody

Estate of Mary LaVilla Kehrli

By /s/ Marion A. Magness, Executrix

/s/ John E. Larson
John E. Larson

/s/ Patricia McCann McAuliffe
Patricia McCann McAuliffe

/s/ Earl Parsons
Earl Parsons

/s/ Howard E. Richmond
Howard E. Richmond

/s/ Howard E. Richmond Jr.
Howard E. Richmond, Jr.

/s/ Polly Poe Richmond, Jr. Polly R. Wyman
Polly Poe Richmond, Jr.

/s/ Polly Poe Richmond
Polly Poe Richmond

/s/ Volney Richmond Jr.
Volney Richmond Jr.

/s/ Volney Richmond III
Volney Richmond III

/s/ Truman Sage
Truman Sage

UNIT AND COMPANY

By See attached page
Its

/s/ Phyllis R. Yaw
Phyllis R. Yaw

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Earl Parsons

Howard E. Richmond

Howard E. Richmond, Jr.

Polly Poe Richmond, Jr.


Polly Poe Richmond

Volney Richmond Jr.

Volney Richmond III

Truman Sage

I hereby certify that UNIT & COMPANY
appearing on this document is
fully stated. The correct
position of this nominee is
CO.

United States National Bank of Oregon

Trust Officer

UNIT AND COMPANY

UNIT & CO. is the nominee of the Trust Group
United States National Bank of Oregon.

UNITED STATES NATIONAL BANK OF OREGON,
in its capacity as trustee of the trusts
created by George A. Preston and Kathleen
A. Preston, both agreements dated January
22, 1968, and not in its individual
corporate capacity. Notwithstanding
anything contained in the stock purchase
agreement to the contrary, any obligations,
liability, or claims based on any guarantees,
warranties, representations or covenants of
the United States National Bank of Oregon,
the seller, included in the stock purchase
agreement or provided for thereby, and the
exhibits thereto, shall in no event exceed
the assets of the trusts existing at the
time the trustee received notice of a
claim by the purchaser under the agreement;
however, distribution of any accelerated
payments, accelerated on action of sellers,
subject to the terms of the
accompanying letter of ~~AN~~ ^{AN} ~~ANDERSON~~ ^{ANDERSON}